

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-12 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 SCI-06 L-03 NSCE-00

NSC-07 PA-04 PRS-01 USIA-15 DRC-01 /132 W

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R 030745Z OCT 74

FM USLO PEKING

TO SECSTATE WASHDC 2488

INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ETRD CH

SUBJECT: M.W. KELLOGG NEGOTIATIONS ON AMENITIES FOR TECHNICIANS
WORKING IN CHINA; CONSTRUCTION IN SZECHUAN TO BEGIN IN NOVEMBER

1. M.W. KELLOGG REPRESENTATIVES PATRICK O'LEARY AND PETER DOBI HAVE COMPLETED TWO WEEKS OF TALKS WITH THE CHINA NATIONAL TECHNICAL IMPORT CORPORATION (TECHIMPORT) DURING WHICH UNDERSTANDINGS WERE REACHED ON AMENITIES FOR KELLOGG TECHNICIANS. TECHIMPORT HAS ALSO INFORMED THE KELLOGG REPRESENTATIVES THAT THE FIRST SHIPMENT OF MACHINERY, DESTINED FOR THE PLANT AT LU-CHOU IN SZECHUAN, HAS ARRIVED IN SHANGHAI AND THAT THEY WILL BE PREPARED TO BEGIN INSTALLATION NEXT MONTH. KELLOGG THUS PLANS TO SEND ITS FIRST TECHNICIAN (THE "CHIEF SITE REPRESENTATIVE") TO SZECHUAN IN THE FIRST WEEK OF NOVEMBER. INSTALLATION OF THE TWO SITES IN NORTHEAST CHINA IS NOW EXPECTED TO BEGIN LATE IN THE FIRST QUARTER OF 1975.

2. ON THE QUESTION OF AMENITIES, KELLOGG IS OBVIOUSLY CONCERNED ABOUT THE PROBLEM OF MORALE AT ISOLATED CONSTRUCTION SITES, AND NOTES THAT SOME TECHNICIANS WILL

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BE ACCOMPANIED BY WIVES AND CHILDREN. O'LEARY AND DOBI

ARE SATISFIED WITH TECHIMPORT'S RESPONSE ON SUCH MATTERS AS QUARTERS, LEAVE (R&R) POLICY, AND DUTY FREE ENTRY OF AIR CONDITIONERS AND SIMILAR ITEMS. IT ALSO APPEARS CERTAIN THAT THE TECHNICIANS WILL BE ABLE TO BRING IN BOOKS, MAGAZINES, SHORT WAVE RADIOS, AND TAPE RECORDERS FOR PERSONAL USE.

3. THE CHINESE BALKED, HOWEVER, AT A KELLOGG PROPOSAL TO PROVIDE EACH PROJECT SITE WITH A CASSETTE TV SET WHICH THE FIRM BELIEVES COULD HAVE AN IMPORTANT FAVORABLE EFFECT ON MORALE. KELLOGG WAS ALSO VERY CONCERNED OVER THE EXPECTED HIGH COST OF LEISURE TIME TRANSPORTATION FOR THEIR PERSONNEL. AT KELLOGG'S REQUEST, USLO DISCUSSED THESE MATTERS WITH TECHNIMPORT DEPUTY GENERAL MANAGER YANG YU-TE WHO PROMISED TO TAKE THEM UNDER CONSIDERATION. THE PROBLEM RELATING TO TRANSPORTATION COSTS HAS SINCE BEEN CLEARED UP TO KELLOGG'S SATISFACTION.

4. TECHIMPORT HAS REFUSED TO SIGN A FORMAL AGREEMENT WITH KELLOGG ON THE SUBJECT OF AMENITIES, BUT HAS AGREED TO ACCEPT A WRITTEN STATEMENT FROM KELLOGG LISTING THE ORAL UNDERSTANDINGS THAT HAVE BEEN REACHED.
HOLDRIDGE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, NEGOTIATIONS, CONSULTANTS, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CollinP0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PEKING01713
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740279-0756
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741076/aaaacmpr.tel
Line Count: 84
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUL 2002 by martinml>; APPROVED <10 MAR 2003 by CollinP0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: M.W. KELLOGG NEGOTIATIONS ON AMENITIES FOR TECHNICIANS WORKING IN CHINA; CONSTRUCTION IN SZECHUAN TO BEGIN IN NOVEMBER
TAGS: ETRD, CH, US, M W KELLOGG
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005